

**ASSEMBLY BILL**

**No. 2301**

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**Introduced by Assembly Member Mansoor**

February 21, 2014

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An act to amend Section 1367 of the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

AB 2301, as introduced, Mansoor. Health care service plans.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care. Existing law requires health care service plans to meet certain requirements, including, but not limited to, having the organizational and administrative capacity to provide services to subscribers and enrollees and providing basic health care services, as defined, to those subscribers and enrollees, and having facilities licensed, as specified.

This bill would make technical, nonsubstantive changes to those provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1367 of the Health and Safety Code is
- 2 amended to read:
- 3 1367. A health care service plan and, if applicable, a specialized
- 4 health care service plan shall meet *all of* the following
- 5 requirements:

1 (a) Facilities located in this state including, but not limited to,  
2 clinics, hospitals, and skilled nursing facilities to be utilized by  
3 the plan shall be licensed by the State Department of Public Health,  
4 where licensure is required by law. Facilities not located in this  
5 state shall conform to all licensing and other requirements of the  
6 jurisdiction in which they are located.

7 (b) Personnel employed by or under contract to the plan shall  
8 be licensed or certified by their respective board or agency, where  
9 licensure or certification is required by law.

10 (c) Equipment required to be licensed or registered by law shall  
11 be so licensed or registered, and the operating personnel for that  
12 equipment shall be licensed or certified as required by law.

13 (d) The plan shall furnish services in a manner providing  
14 continuity of care and ready referral of patients to other providers  
15 at times as may be appropriate consistent with good professional  
16 practice.

17 (e) (1) All services shall be readily available at reasonable times  
18 to each enrollee consistent with good professional practice. To the  
19 extent feasible, the plan shall make all services readily accessible  
20 to all enrollees consistent with Section 1367.03.

21 (2) To the extent that telehealth services are appropriately  
22 provided through telehealth, as defined in subdivision (a) of Section  
23 2290.5 of the Business and Professions Code, these services shall  
24 be considered in determining compliance with Section 1300.67.2  
25 of Title 28 of the California Code of Regulations.

26 (3) The plan shall make all services accessible and appropriate  
27 consistent with Section 1367.04.

28 (f) The plan shall employ and utilize allied health manpower  
29 for the furnishing of services to the extent permitted by law and  
30 consistent with good medical practice.

31 (g) The plan shall have the organizational and administrative  
32 capacity to provide services to subscribers and enrollees. The plan  
33 shall be able to demonstrate to the department that medical  
34 decisions are rendered by qualified medical providers, unhindered  
35 by fiscal and administrative management.

36 (h) (1) Contracts with subscribers and enrollees, including  
37 group contracts, and contracts with providers, and other persons  
38 furnishing services, equipment, or facilities to or in connection  
39 with the plan, shall be fair, reasonable, and consistent with the  
40 objectives of this chapter. All contracts with providers shall contain

1 provisions requiring a fast, fair, and cost-effective dispute  
2 resolution mechanism under which providers may submit disputes  
3 to the plan, and requiring the plan to inform its providers upon  
4 contracting with the plan, or upon change to these provisions, of  
5 the procedures for processing and resolving disputes, including  
6 the location and telephone number where information regarding  
7 disputes may be submitted.

8 (2) A health care service plan shall ensure that a dispute  
9 resolution mechanism is accessible to noncontracting providers  
10 for the purpose of resolving billing and claims disputes.

11 (3) On and after January 1, 2002, a health care service plan shall  
12 annually submit a report to the department regarding its dispute  
13 resolution mechanism. The report shall include information on the  
14 number of providers who utilized the dispute resolution mechanism  
15 and a summary of the disposition of those disputes.

16 (i) A health care service plan contract shall provide to  
17 subscribers and enrollees all of the basic health care services  
18 included in subdivision (b) of Section 1345, except that the director  
19 may, for good cause, by rule or order exempt a plan contract or  
20 any class of plan contracts from that requirement. The director  
21 shall by rule define the scope of each basic health care service that  
22 health care service plans are required to provide as a minimum for  
23 licensure under this chapter. ~~Nothing in this chapter shall~~ *This*  
24 *chapter does not* prohibit a health care service plan from charging  
25 subscribers or enrollees a copayment or a deductible for a basic  
26 health care service consistent with Section 1367.006 or 1367.007,  
27 provided that the copayments, deductibles, or other cost sharing  
28 are reported to the director and set forth to the subscriber or  
29 enrollee pursuant to the disclosure provisions of Section 1363.  
30 ~~Nothing in this chapter shall~~ *This chapter does not* prohibit a health  
31 care service plan from setting forth, by contract, limitations on  
32 maximum coverage of basic health care services, provided that  
33 the limitations are reported to, and held unobjectionable by, the  
34 director and set forth to the subscriber or enrollee pursuant to the  
35 disclosure provisions of Section 1363.

36 (j) A health care service plan shall not require registration under  
37 the federal Controlled Substances Act (21 U.S.C. Sec. 801 et seq.)  
38 as a condition for participation by an optometrist certified to use  
39 therapeutic pharmaceutical agents pursuant to Section 3041.3 of  
40 the Business and Professions Code.

1    ~~Nothing in this~~

2    *This* section shall *not* be construed to permit the director to  
3 establish the rates charged subscribers and enrollees for contractual  
4 health care services.

5    The director's enforcement of Article 3.1 (commencing with  
6 Section 1357) ~~shall not be deemed to~~ *does not* establish the rates  
7 charged *to* subscribers and enrollees for contractual health care  
8 services.

9    The obligation of the plan to comply with this chapter shall not  
10 be waived when the plan delegates any services that it is required  
11 to perform to its medical groups, independent practice associations,  
12 or other contracting entities.